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SIPDIS

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TAGS: [PREL](#) [ETTC](#) [MASS](#) [IT](#) [CH](#) [TSPA](#) [EXPORT](#) [CONTROLS](#)

SUBJECT: ALENIA SPAZIO CEO MAURIZIO TUCCI'S MEETING WITH  
THE AMBASSADOR

REF: A. A. ROME 3842

[B](#). B. ROME 4744

[C](#). C. STATE 283728

Classified By: AMBASSADOR MEL SEMBLER FOR REASONS 1.5 (B) AND (D)

[1](#)1. (C) Summary. Alenia Spazio CEO Maurizio Tucci described for the Ambassador on November 28 his keen interest in ensuring that nothing undermine the growing relationship of trust fostered by recent Italy-U.S. discussions on dual-use export controls and technology transfer. Tucci said he was eager to prevent the European Commission's agreement on Galileo with China from souring Alenia's relationship with the USG. He underscored that there was a distinct difference between Alenia's direct commercial engagement with China and efforts by Galileo Industries to explore cooperative activities with the Chinese. Tucci could control the former but not the latter; however, he would urge Alenia personnel to take a narrow view of technology sharing on all fronts. Tucci repeatedly promised to keep the Embassy fully informed of the Alenia-China relationship, especially because Alenia--hit hard by the downturn in the European commercial satellite sector--was placing great hope in the company's ability to expand in the U.S. market. End Summary.

#### Space Sector in Crisis

[1](#)2. (C) Alenia Spazio CEO Maurizio Tucci called on the Ambassador in his office on November 28. The Ambassador was joined by ECOMIN, ODC Chief, and PolMiloff (notetaker). Tucci opened the conversation by lamenting the current crisis in the European commercial satellite market. The Italian space sector is suffering, he said bluntly. To spur a recovery, Alenia Spazio wants to reinvigorate its partnership with Italy's public institutions, in particular the Italian Space Agency (ASI). Tucci made clear, however, that his company's relations with ASI (and especially ASI Director Sergio Vetrella) has been strained. At the moment, there is a clash of visions, with Tucci interested in working more closely with NASA and capturing additional U.S. market share. Vetrella (according to Tucci) remains skeptical about this approach. Tucci said that Alenia Spazio had hired Booze Allen to conduct a technical assessment of Alenia's capabilities and ability to capture niche markets in the U.S. He repeatedly underscored his view that, "the key market for space technology is in the United States".

#### China Cooperation

[1](#)3. (C) Following this introduction, Tucci told the Ambassador that the prime motivation for his visit was China, and specifically his concern that nothing occur to upset the new understanding between Italy and the U.S. that developed from bilateral discussions on dual-use export controls and technology transfer in Rome this past July (ref A). Tucci said he was worried that the European Commission's recent agreement to include China in the development of Galileo could create misunderstandings about Alenia's intentions. Tucci claimed that he would not be able to assert operational control over Italian managers' engagement with China on Galileo cooperation. (Comment: We believe Tucci meant that because these managers will be working for the Galileo consortium, he as the Italian head of Alenia Spazio will not have direct control over their activities. End Comment) He alerted the Ambassador that Alenia Spazio Vice Chairman Giuseppe Viriglio is interested in traveling to China soon to discuss Galileo. Tucci assured the Ambassador that he had cautioned Viriglio about the importance of maintaining the new foundation of trust that the July meeting had fostered.

[1](#)4. (C) Continuing, Tucci said he would urge Viriglio to strictly limit his discussions with the Chinese to Galileo-related matters, but indicated that he was worried about losing control over the process. He has given clear

instructions to Alenia Spazio managers "not to be open" to technology transfer with the Chinese, but noted that if China is a Galileo partner, it will inevitably have access to information about project development. Tucci claimed that he "had always been clear about what Alenia was doing with China," and would maintain a policy of transparency with the U.S., promising to keep the Embassy fully informed of future developments.

15. (C) Tucci, turning to Alenia's direct commercial engagement with China in the space sector, said company managers had done a thorough scrub of Alenia's prior relations with the Chinese. He told the Ambassador that two Alenia managers, whom Tucci said he fully trusted, will travel to China in December to explore cooperative opportunities, but they will operate "within the framework of the July agreements" (Ref C). He said that if the U.S. should come across information about any other senior manager traveling to China it should rest assured that he would be discussing only/only Galileo.

16. (C) ECOMIN noted that the Embassy had recently told the Italian Foreign Ministry that the U.S. would not object to Alenia's moving forward on each of the five proposed China projects (Refs B and C), provided certain conditions were met. ECOMIN asked Tucci how Alenia Spazio planned to proceed.

Tucci confirmed that the MFA had communicated the USG position on the projects. Alenia, he continued, had interpreted our responses as reflecting continuing USG concern over the data relay satellite; the company had therefore decided to forego that project, Tucci stated. More generally, Tucci said that Alenia was facing a business challenge because it had broken off relations with the Chinese. "We don't really know if the Chinese are still interested in the type of work they were originally requesting," he said. A first step would be to explore the lay of the land and assess whether business opportunities were still available in China. Tucci underscored that the type of projects Alenia would be evaluating were at the low end of the technology spectrum, e.g., telemetry, low frequency band applications, scientific satellites without military applications, receivers, and antennas. He concluded by again promising to keep the Ambassador fully informed of developments. Transparency, Tucci insisted, is the basis of Alenia's relations with the U.S. in the space sector.

#### Targeting the U.S. Market

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17. (C) Tucci expressed to the Ambassador his hope that Alenia had established enough credibility with the USG to help it gain a stronger foothold in the U.S. market. Alenia is trying to convince the USG that the company has high quality niche products that are worthy of consideration. In particular Tucci claimed that Alenia had developed SAR technology capable of processing 1,900 images daily, which could be used on U.S. Air Force platforms and USG satellite constellations. The U.S. does not have similar technology, he asserted. He confirmed that the SAR technology Alenia had developed would be used in its Cosmos Skymed earth observation satellite constellation. Alenia would provide a turnkey system to ASI. Alenia Telespazio would provide competence for the earth segment in terms of integration of digital images.

18. (C) Interestingly, Tucci described Cosmos Skymed as mainly a military project; however, Alenia would be promoting SAR plus data manipulation capabilities to both military and civilian users (Comment: This was the first time we had heard the military applications of Cosmos Skymed played up so forthrightly. In the past, the constellation had always been pitched to us as a dual-use satellite system with a predominantly civilian focus in areas such as environmental monitoring, crop control, and coastal management. End Comment). Tucci explained that Alenia's U.S. business targets were primarily the National Security Agency and other DoD elements. Tucci told the Ambassador that he had discussed Alenia's strategy with Nicolo Pollari, Chief of External

Intelligence (SISMI). He confirmed that Alenia was considering U.S. (Boeing Delta Rocket), Russian, and French launch service options for Cosmos Skymed. ECOMIN urged Tucci to ensure that there was a level playing field for all competitors.

19. (C) Tucci told the Ambassador that Alenia still placed a high priority on civil space cooperation with NASA. Alenia had built nodes two and three of the International Space Station (ISS) and wants very much to be involved in the Orbital Space Plan. However, Tucci again asserted that ASI President Sergio Vetrella does not consider cooperation with the U.S. a priority and therefore is not supporting Alenia's involvement with NASA projects. Tucci claimed that NASA wants Alenia's participation in the ISS for its expertise in

orbital infrastructure, but ASI was simply not providing the necessary attention to make sure this was nailed down. Tucci did not offer any insight into what lay behind Vetrella's alleged position. Nevertheless, he asked the Ambassador to raise this issue with Letizia Moratti, Minister for Education, Science, and Research and PM Berlusconi should the opportunity arise. The Ambassador took the request on board, without making any commitment. Tucci said that Alenia's interest in cooperation with NASA was so deep that the company had recently shipped a piece of equipment for the ISS worth 32 million Euros without guarantee of payment. Neither ASI, NASA, nor ESA had indicated a willingness to take responsibility for compensating Alenia; an issue that Tucci said was in need of resolution.

110. (C) Comment. Tucci, who replaced CEO Giorgio Zappa as Alenia's CEO last year, struck us as genuinely committed to continuing the transparency and information-sharing regarding his company's relations with China, which he demonstrated in the July 2003 dual-use bilateral talks in Rome. He clearly believes access to the U.S. space sector is critical to Alenia Spazio's long-term economic health. End Comment.

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